079 - INTERNAL AUDIT

Operational Summary

Mission:

To provide independent, objective assurance and consulting to management in order to add value and improve County operations, and assist the County in safeguarding its resources and management in reaching its goals and objectives by promoting sound and practical internal controls.

At a Glance:

Total FY 2000-2001 Actual Expenditure + Encumbrance:	1,582,525
Total Final FY 2001-2002 Budget:	1,775,487
Percent of County General Fund:	0.08%
Total Employees:	20.00

Strategic Goals:

- Provide timely, internal audit coverage of the County, focusing on areas identified as possessing significant business risks including audits of the County's computer systems, financial records, audits mandated by law, and control self assessment reviews.
- Provide the Board of Supervisors with timely, independent audits whenever requested.
- Provide management with independent audits and assessments of their operations as a value-added service to assist them in performing their fiscal responsibilities.
- Maintaining high standards and professionalism in conducting internal audits and Board of Supervisors requested reviews.

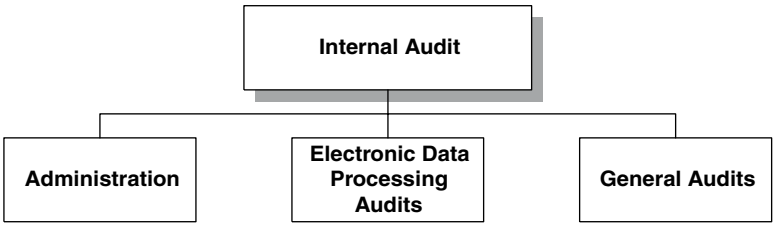
Key Outcome Measures:

Performance Measure	FY 2000-2001 Results	FY 2001-2002 Target	How are we doing?
PERCENT OF AUDIT WORK COMPLETED AND REPORTS ISSUED CONSISTENT WITH THE ANNUAL AUDIT PLAN. **What:** This is the "big picture" metric of an audit department's performance of its mission. **Why:** This measure indicates how we have effectively planned and implemented our work.	We started 100% of the planned audit projects and completed 79% of these.	A 5% increase in completed audit categories.	On track.
COMPLETE MANDATED AUDITS WHEN DUE AT A LEVEL OF 95% OR BETTER. **What:** Mandated audits are important compliance audits required by legislation, regulation or policy. **Why:** This is a metric we use to measure how we fulfill our external reporting requirements.	100% of all audits in this category were completed on time.	Same as prior year.	On track.
COMPLETE AUDITS, OTHER ANALYSIS, OR SPECIAL WORK REQUESTED BY THE BOARD AT A LEVEL OF 90% OR BETTER. **What:** These audits involve financial issues or concerns raised by the Board or County agencies. **Why:** These audits provide independent evaluations of issues which management uses in making decisions.	The audit of Fund 14M is progressing and a report should be issued in June 2001.	On track.	On track.

Fiscal Year 2000-01 Key Project Accomplishments:

- Assist the Board of Supervisors by providing timely and independent advice on audit matters.
- Provide balanced internal audit coverage of the County.
- Maintain high standards for conducting internal controls.
- Acted to assist management in affirming its ownership of the system of internal controls and accountability for results.

Organizational Summary



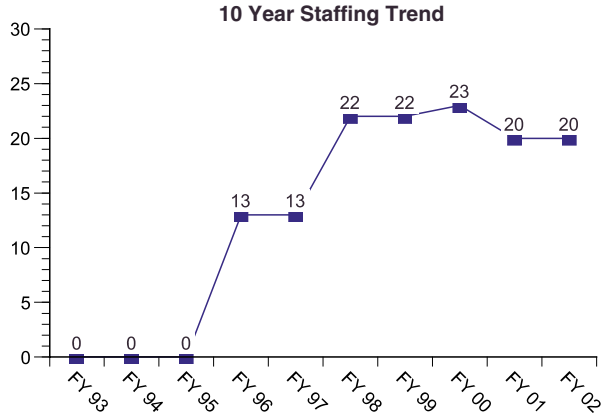
EXECUTIVE MANAGEMENT - Internal Audit Department is pleased to present the Budget for FY 2001-02. This budget is consistent with the Strategic Financial Plan in that it provides resources to assist meeting the department goals for 2001. The Executive Management team provides leadership, management oversight and direction to all Internal Audit functions.

ELECTRONIC DATA PROCESSING AUDITS - Internal Audit will utilize consultants with computer and systems expertise to perform electronic data processing audits. Our focus is to ensure system functionality and the development of clear policies and good practices for security and control in Information Technology.

ADMINISTRATION - Provides departmental administration of budget, human resources, purchasing and facility operations.

GENERAL AUDITS - The department performs several audit related functions for the County including administering the Fraud Hotline, providing assistance to external auditors, providing internal control awareness training, and performing the County's audit risk assessment.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- The Internal Audit Department was established as a separate department independent of the County Auditor-Controller by Board Resolution dated April 25, 1995. Arthur Andersen L.L.P. was contracted at that time by the County to manage the Internal Audit function until a permanent director could be recruited. In 1997, a director was appointed and eight additional positions were added; in 1999 one Staff Analyst position was added; in 2000, two positions were eliminated in the Electronic and Data Processing and Information Sys-

tems function and outsourced to consultants; additionally, two Accountant Auditor positions were exchanged for one Senior Accountant Auditor.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Internal Audit, through its Business Plan, is aligned with the County's strategic priorities and assisting in their accomplishment.

Changes Included in the Base Budget:

Internal Audit, in cooperation with the Auditor-Controller, initiated a CPA Certification Experience Program. To support this program and ensure its success, Internal Audit received an augmentation for an additional $42,000 to reimburse Auditor-Controller for staff utilizing the program.

Approved Budget Augmentations and Related Performance Results:

Unit/Amount	Description	Performance Plan	Ref. Num.
IA04-GENERAL AUDITS Amount:$ 42,000	CPA Certification Process	Provide training and experience to accountants to earn their CPA certification.	079-002

Final Budget and History:

Sources and Uses	FY 1999-2000 Actual Exp/Rev(1)	FY 2000-2001 Final Budget	FY 2000-2001 Actual Exp/Rev(1)	FY 2001-2002 Final Budget	Change from FY 2000-2001 Actual Amount	Change from FY 2000-2001 Actual Percent
Total Positions	N/A	20	N/A	20	20	0
Total Revenues	39,918	102,200	118,478	86,450	(32,028)	(27)
Total Requirements	1,385,684	1,717,101	1,657,206	1,775,487	118,281	7
Net County Cost	1,345,766	1,614,901	1,538,728	1,689,037	150,309	10

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2000-01 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: INTERNAL AUDIT in the Appendix on page 537.

Highlights of Key Trends:

- Provide balanced Internal Audit coverage of the County. Our current audit plan allocates resources to departmental control reviews, the financial audit mandates, and control self-assessment workshops. This approach allows the department to address the County's business functions determined to have the greatest importance and impact. The Board provides funding for contracting consultants with computer and systems expertise.
- Maintained high standards for conducting internal audits.
- To maintain high professional standards, audit staff were provided a training budget to complete an average of sixty hours for continuing professional education/training.

Budget Units Under Agency Control

No.	Agency Name	EXECUTIVE MANAGEMENT	ELECTRONIC DATA PROCESSING AUDITS	ADMINISTRATION	GENERAL AUDITS	TOTAL
079	INTERNAL AUDIT	395,590	91,318	213,544	1,075,035	1,775,487
	Total	395,590	91,318	213,544	1,075,035	1,775,487